

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
NELSON VALLEY WATER ASSOCIATION) CASE NO. 90-239

O R D E R

On August 20, 1990, Nelson Valley Water Association ("Nelson Valley") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068. The Commission subsequently requested that additional information be filed. The required information was filed on September 24, 1990, and the record is now complete.

The Commission, having reviewed the evidence of record and being sufficiently advised, finds:

1. Nelson Valley's supplier, city of Somerset, increased its rate for wholesale water from \$1.25 to \$1.55 per 1,000 gallons effective July 1, 1990.

2. Nelson Valley increased the rates to its customers, effective August 1, 1990.

3. During the 12 months ending June 30, 1990, Nelson Valley purchased 65,330,500 gallons of water and sold 52,656,299 gallons.

4. Due to a mathematical error, Nelson Valley's purchased water adjustment factor is incorrect. The increase in the cost of purchased water is \$19,599, resulting in a purchased water adjustment of \$.37 per 1,000 gallons as shown in Appendix B.

5. The purchased water adjustment of 37 cents per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Nelson Valley are denied.

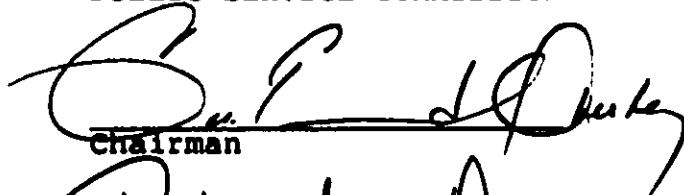
2. The purchased water adjustment of 37 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after August 1, 1990.

3. Within 30 days of the date of this Order, Nelson Valley shall file revised tariff sheets setting out the rates approved herein.

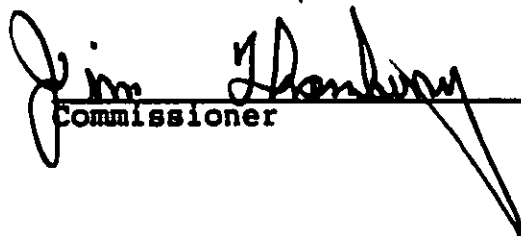
4. Within 20 days of the date rates approved herein are placed into effect, Nelson Valley shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 4th day of October, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX B

**APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-239 DATED October 4, 1990.**

PURCHASED WATER ADJUSTMENT CALCULATIONS

**Water Purchased: 65,330,500 gallons
Water Sold: 52,656,299 gallons**

Cost at Changed Rate:

65,330,500 x \$1.55 = \$101,262.28

LESS

Cost at Base Rate:

65,330,500 x \$1.25 = \$81,663.13

Increase in cost: \$19,599.15

\$19,599.15 ÷ 52,656,299 gallons sold = \$.3722 or \$.37/1,000 gallons

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-239 DATED October 4, 1990.

The following rates and charges are prescribed for the customers in the area served by Nelson Valley Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates - All Customers

First 2,000 gallons	\$8.10 Minimum Bill
Next 3,000 gallons	3.30 per 1,000 gallons
Over 5,000 gallons	3.05 per 1,000 gallons